

**Department of Health and Human Services  
Health Care Financing Administration  
Operational Policy Letter #91  
OPL 99.091**

**Date:** April 23, 1999

**Subject:** Multi-Year Benefits under Medicare+Choice (M+C)

**Question:** Are M+C plans permitted to include multi-year benefits?

**Answer:** Yes, M+C organizations may include multi-year benefits in their M+C plans. Although M+C payments are based on a 12-month period, M+C organizations may include benefits in an M+C plan that cover a three year period. Multi-year benefits may be included in M+C plans only when the following requirements are met:

- Only additional, mandatory supplemental, and optional supplemental benefits may be offered as a multi-year benefit.
- Services covered under original Medicare (i.e., Medicare Parts A and B) cannot be offered as multi-year benefits unless original Medicare coverage stipulates it as such.
- Multi-Year Benefits may not span more than a three year period.
- Beneficiary payments for the service must be equally divided among the three years and must be equal to the cost and additional revenue of the services that are expected over the span of three years. If any adjustment is needed in the cost, the adjustment should be made On Worksheet D as an expected variation. The second and third year figures may be adjusted for inflation.

Examples of services that can be offered as a multi-year benefit are eyeglasses and hearing aids which would not be covered under original Medicare.

Because the rules covering multi-year benefits require that the benefit not be offered for longer than a three year period, M+C organizations may not collect monies from current payments to pay for benefits over the lifetime of the beneficiary. Also note that, in cases where a plan drops a multi-year benefit after the first year, beneficiaries who did not use the benefit during the first year remain entitled to the benefit under the original terms of coverage. For example, if a plan offers eyeglasses once every three years beginning in 1999 and then drops that coverage from its 2000 benefit package, any beneficiary enrolled in that plan in 1999 who did not exercise the option that year would remain

entitled to eyeglasses under the terms of the original coverage (i.e., one pair of eyeglasses during the three year period from January 1, 1999 through December 31, 2001.)

**Contact: HCFA Regional Office Staff**

F:\WPWIN\0MEDCHOI\2000IN\OPL91.RED